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MILK MARKET INFORMATION BULLETIN  
CHATTANOOGA, TENNESSEE, MARKETING AREA

Number 5

Volume 19

DECEMBER 1974

Released Pursuant to \$1000.3 and \$1090.86, USDA-AMS  
Federal Order No. 90, 112 Lee Parkway Drive, Chattanooga, Tennessee 37411  
J. E. Bobo, Market Administrator

MARKET SUMMARY - DECEMBER 1974

The Chattanooga Order MINIMUM uniform producer price is \$8.43 per cwt. at pool plants for milk testing 3.5% butterfat. The producer butterfat differential is 7.5 cents for each one-tenth of one percent above or below 3.5% test. This is a price decrease of 77 cents below December 1973 and a decrease of 23 cents below November 1974.

In December 1974, 78.6% of producer milk received by pool plants was priced in Class I at \$8.97 per cwt., 6.6% was priced in Class II at \$6.51 per cwt. and 14.8% was priced in Class III at \$6.41 per cwt. for milk testing 3.5% butterfat. The December butterfat differential for all milk testing above or below 3.5% is 7.5 cents.

Total producer milk received at pool plants during December 1974 was 28,590,896 pounds which is a decrease of 1,450,049 pounds or a daily average decrease of 4.8% compared with December 1973. The December daily average deliveries from 566 producers was 1,629 pounds. This compares to 624 farms delivering a daily average of 1,553 pounds per day during December 1973.

USDA ANNOUNCES INCREASE IN SUPPORT PRICE FOR MILK

Secretary of Agriculture Earl L. Butz has announced January 3, 1975 an increase in the support price for manufacturing milk from \$6.57 to \$7.24 per hundredweight. The increase was effective January 3 and remains in effect through the marketing year that ends March 31, 1976. The new level of support is 80 percent of parity, based on the most current parity data, compiled as of December 15, 1974.

Secretary Butz said the action was necessary because farm milk prices have declined while costs have remained at high levels. The prices farmers received for milk were substantially lower in December than in November, the first monthly decline since last summer. Without this action, Secretary Butz said prices would have dropped even further in the next month or two, the very time when producers must feed greater quantities of grain and high priced commercially prepared concentrate feeds. Under these condition, many producers would have left dairying and the future production of milk and dairy products would have declined.

HEARING SET JANUARY 20 ON MILK PRICES IN FEDERAL ORDERS

The U. S. Department of Agriculture (USDA) announced January 11, 1975 a public hearing on all federal milk order markets for January 20, 1975. The hearing will begin at 9:30 a.m., in the Jefferson Auditorium, USDA's South Building, 14th and Independence Avenue, S. W., Washington, D. C.

The hearing will deal with the limited question of bringing Class I (fluid-use) prices to be paid to farmers in February and March in line with the Secretary of Agriculture's decision January 3 which increased milk price supports.

COMPARISON OF MILK RECEIPTS AND UTILIZATION  
(DAILY AVERAGE POUNDS)

|                                           | % Dec. '74<br>Over<br>Dec. '73 | Dec.<br>1974 | Nov.<br>1974 | Dec.<br>1973 |
|-------------------------------------------|--------------------------------|--------------|--------------|--------------|
| Number of Plants - Pool                   |                                | 4            | 4            | 4            |
| - Non-Pool                                |                                | 14           | 14           | 13           |
| <u>RECEIPTS</u>                           |                                |              |              |              |
| Pool Plants - Producer Milk               | - 4.8                          | 922,287      | 871,858      | 969,063      |
| - Other Source                            | -35.6                          | 44,594       | 54,534       | 69,248       |
| - Other Federal Orders                    | -                              | 4,363        | 9,621        | 25,755       |
| Non-Pool Plants - Cl. I Sales in Area     | -36.2                          | 59,650       | 65,633       | 93,516       |
| TOTAL MILK RECEIPTS                       | -10.9                          | 1,030,894    | 1,001,646    | 1,157,582    |
| <u>UTILIZATION</u>                        |                                |              |              |              |
| <u>Class I Uses</u>                       |                                |              |              |              |
| Homo Milk                                 | + 4.9                          | 387,270      | 418,850      | 369,205      |
| 2% Milk                                   | +26.5                          | 234,829      | 242,570      | 185,604      |
| Skim                                      | - 2.1                          | 18,682       | 21,252       | 19,075       |
| Buttermilk                                | + 8.7                          | 56,846       | 61,843       | 52,310       |
| Flavored Milk and Drink                   | +30.6                          | 28,279       | 35,327       | 21,658       |
| Sub-Total of Pkg. Items (Pool Plants)     | +12.0                          | 725,906      | 779,842      | 647,852      |
| Other                                     |                                | 226          | 4,469        |              |
| Sales to Non-Pool Plants                  |                                | 4,702        | 12,378       | 80,418       |
| In Area Sales by Non-Pool Plants          | -36.2                          | 59,650       | 65,633       | 93,516       |
| TOTAL CLASS I USAGE                       |                                | 790,484      | 862,322      |              |
| <u>Class II Uses - Pool Plants only</u>   |                                |              |              |              |
| Sweet Creams - Routes                     | + 9.0                          | 2,722        | 2,439        | 2,497        |
| Sour Cream and Dip - Routes               | +15.1                          | 2,563        | 1,798        | 2,226        |
| Yogurt - Routes                           | +18.2                          | 221          | 321          | 187          |
| Ice Cream                                 | +12.3                          | 46,116       | 56,375       | 41,077       |
| Other                                     |                                | 46,552       | 36,293       |              |
| Sales to Non-Pool Plants                  |                                | 3,709        | 5,028        |              |
| TOTAL CLASS II USAGE                      |                                | 101,883      | 102,254      |              |
| <u>Class III Uses - Pool Plants only</u>  |                                |              |              |              |
| Animal Feed and Dumped                    |                                | 6,449        | 5,656        | 5,114        |
| Class III Shrinkage                       |                                | 14,867       | 14,526       |              |
| Inventory Variation                       |                                | 8,942        | (10,926)     |              |
| Other, Overage, etc.                      |                                | 23           | (245)        |              |
| Bulk Sales to Non-Pool Plants             |                                | 108,246      | 28,059       |              |
| TOTAL CLASS III USAGE                     |                                | 138,527      | 37,070       |              |
| <u>IN AREA PACKAGED ROUTE DISPOSITION</u> |                                |              |              |              |
| <u>BY POOL PLANTS AND NON-POOL PLANTS</u> |                                |              |              |              |
| Homo Milk                                 | - 8.6                          | 296,526      | 328,074      | 324,500      |
| 2% Milk                                   | +14.2                          | 160,118      | 167,102      | 140,160      |
| Skim and 1% Milk                          | - 3.9                          | 14,182       | 15,744       | 14,762       |
| Buttermilk                                | - 3.7                          | 43,839       | 48,084       | 45,501       |
| Flavored Milk and Drink                   | +16.4                          | 23,005       | 28,852       | 19,764       |
| Total Class I Disposition In-Area         | - 1.3                          | 537,670      | 587,856      | 544,687      |
| <u>CLASS I PKGD. ROUTE DISPOSITION</u>    |                                |              |              |              |
| In-Area by Pool Plants                    | + 5.8                          | 478,020      | 522,223      | 451,776      |
| In-Area by Non-Pool Plants                | -35.8                          | 59,650       | 65,633       | 92,911       |

1/ The Order was amended effective August 1, 1974 to provide for a three use classification. Therefore, comparison with previous months are not made for all items of use.



## COMPUTATION OF PRODUCER UNIFORM PRICE

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| DECEMBER 1974                                                              | Class<br>Percent | Butterfat<br>Pounds | Product<br>Pounds | Cwt. Price<br>@ 3.5% | Total<br>Value |
|----------------------------------------------------------------------------|------------------|---------------------|-------------------|----------------------|----------------|
| Class I Producer Milk                                                      | 78.617           | 582,922             | 22,477,416        | \$8.97               | \$2,016,224.22 |
| Class II Producer Milk                                                     | 6.549            | 170,389             | 1,872,251         | 6.51                 | 121,883.54     |
| Class III Producer Milk                                                    | 14.834           | 372,293             | 4,241,229         | 6.41                 | 271,862.78     |
| TOTAL PRODUCER MILK                                                        | 100.000          | 1,125,604           | 28,590,896        |                      | \$2,409,970.54 |
| Add Value of Overages                                                      |                  |                     |                   |                      | 459.32         |
| Add Inventory Reclassification Charges                                     |                  |                     |                   |                      | -0-            |
| Add Value of Class I Other Source Milk<br>and Producer Location Adjustment |                  |                     |                   |                      | -0-            |
| Add $\frac{1}{2}$ Producer-Settlement Fund Balance                         |                  |                     |                   |                      | 12,275.23      |
| Total Utilization Value @ 3.5% Test                                        |                  |                     | 28,590,896        | \$8.473694           | \$2,422,705.09 |
| Less Producer-Settlement Fund Reserve                                      |                  |                     | 28,590,896        | .043694              | 12,492.51      |
| PRODUCER UNIFORM PRICE @ 3.5% TEST                                         |                  |                     | 28,590,896        | \$8.43               | \$2,410,212.58 |

DECEMBER 1974 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANTS  
BUTTERFAT DIFFERENTIAL 7.5¢ PER POINT (EXCLUDES PREMIUMS)

| TEST-% | PRICE   | TEST-% | PRICE   | TEST-% | PRICE   | TEST-% | PRICE   | TEST-% | PRICE   |
|--------|---------|--------|---------|--------|---------|--------|---------|--------|---------|
| 3.0    | \$8.055 | 3.6    | \$8.505 | 4.2    | \$8.955 | 4.8    | \$9.405 | 5.4    | \$9.855 |
| 3.05   | 8.0925  | 3.65   | 8.5425  | 4.25   | 8.9925  | 4.85   | 9.4425  | 5.45   | 9.8925  |
| 3.1    | 8.13    | 3.7    | 8.58    | 4.3    | 9.03    | 4.9    | 9.48    | 5.5    | 9.93    |
| 3.15   | 8.1675  | 3.75   | 8.6175  | 4.35   | 9.0675  | 4.95   | 9.5175  | 5.55   | 9.9675  |
| 3.2    | 8.205   | 3.8    | 8.655   | 4.4    | 9.105   | 5.0    | 9.555   | 5.6    | 10.005  |
| 3.25   | 8.2425  | 3.85   | 8.6925  | 4.45   | 9.1425  | 5.05   | 9.5925  | 5.65   | 10.0425 |
| 3.3    | 8.28    | 3.9    | 8.73    | 4.5    | 9.18    | 5.1    | 9.63    | 5.7    | 10.08   |
| 3.35   | 8.3175  | 3.95   | 8.7675  | 4.55   | 9.2175  | 5.15   | 9.6675  | 5.75   | 10.1175 |
| 3.4    | 8.355   | 4.0    | 8.805   | 4.6    | 9.255   | 5.2    | 9.705   | 5.8    | 10.155  |
| 3.45   | 8.3925  | 4.05   | 8.8425  | 4.65   | 9.2925  | 5.25   | 9.7425  | 5.85   | 10.1925 |
| 3.5    | 8.43    | 4.1    | 8.88    | 4.7    | 9.33    | 5.3    | 9.78    | 5.9    | 10.23   |
| 3.55   | 8.4675  | 4.15   | 8.9175  | 4.75   | 9.3675  | 5.35   | 9.8175  | 5.95   | 10.2675 |

## CHATTANOOGA FEDERAL ORDER - MILK BASE RULES

The following Federal Order rules apply in connection with the establishment and assignment of producer milk bases for the Chattanooga Marketing Area.

- (a) A base shall be assigned to the producer for whose account milk is received at a pool plant during the months of September through January.
- (b) An entire base may be transferred effective as of the end of any month during which an application, on approved form, for such transfer is received by the Market Administrator.
  1. All base transfers shall be signed by the person transferring base and the person receiving base.
  2. If a base is held jointly, the transfer application shall be signed by all joint holders or their heirs.
- (c) A base established as a partnership may be divided between the partners on any basis agreed to in writing by the partners, provided written notification is given the Market Administrator prior to the first day of the month on which such division is to be effective.

## CHATTANOOGA ORDER MINIMUM MILK PRICES (3.5 PERCENT TEST)

| Date     | PRODUCER UNIFORM PRICES 1/ |        |        |          | HANDLER CLASS PRICES 1/ 4/ |          |           |
|----------|----------------------------|--------|--------|----------|----------------------------|----------|-----------|
|          | Per Hundredweight          |        |        |          | Class I                    | Class II | Class III |
|          | Uniform                    | Base   | Excess | Bf. Dif. | Cwt.                       | Cwt.     | Cwt.      |
| Dec. '73 | \$9.20                     | -      | -      | 8.6¢     | \$9.64                     | \$7.94   |           |
| Jan. '74 | 9.33                       | -      | -      | 8.2      | 9.79                       | 8.10     |           |
| Feb.     | 9.40                       | -      | -      | 7.8      | 10.09                      | 8.14     |           |
| Mar.     | 9.51 2/                    | \$9.85 | \$8.15 | 7.8      | 10.25                      | 8.15     |           |
| Apr.     | 9.33 2/                    | 9.81   | 7.73   | 8.0      | 10.29                      | 7.73     |           |
| May      | 9.17 2/                    | 9.89   | 6.93   | 7.6      | 10.30                      | 6.93     |           |
| June     | 8.50 2/                    | 9.17   | 6.31   | 7.2      | 9.88                       | 6.31     |           |
| July     | 8.20 2/                    | 8.66   | 6.29   | 7.2      | 9.08                       | 6.29     |           |
| Aug.     | 8.21                       | -      | -      | 7.7      | 8.46                       | 6.49     | \$6.39    |
| Sept.    | 8.20                       | -      | -      | 7.8      | 8.44                       | 6.79     | 6.69      |
| Oct.     | 8.35                       | -      | -      | 7.9      | 8.54                       | 6.92     | 6.82      |
| Nov.     | 8.66                       | -      | -      | 7.9      | 8.84                       | 6.86     | 6.76      |
| Dec.     | 8.43                       | -      | -      | 7.5      | 8.97                       | 6.51     | 6.41      |
| Jan. '75 | -                          | -      | -      | -        | 8.91                       | -        | -         |
| Feb.     | -                          | -      | -      | -        | 8.56                       | -        | -         |

| Date     | PRICE QUOTATIONS   |                     |                        | PRODUCER MILK USE 4/ |                    |                     |       |                |
|----------|--------------------|---------------------|------------------------|----------------------|--------------------|---------------------|-------|----------------|
|          | Chi. 92°<br>Butter | Chi. Area<br>Powder | Minn/Wisc<br>Mfg. Milk | (Daily Average)      |                    |                     |       | Percentage Use |
|          | ¢ Lb.              | ¢ Lb.               | Cwt.-3.5%              | Class I<br>Pounds    | Class II<br>Pounds | Class III<br>Pounds | Cl. I | Cl. II Cl. III |
| Dec. '73 | 71.98              | 52.03               | \$7.94                 | 735,380              | 233,683            |                     | 75.9  | 24.1           |
| Jan. '74 | 68.49              | 55.13               | 8.10                   | 737,793              | 249,088            |                     | 74.8  | 25.2           |
| Feb.     | 64.07              | 57.75               | 8.14                   | 691,834              | 361,676            |                     | 65.7  | 34.3           |
| Mar.     | 68.06              | 61.52               | 8.15                   | 723,583              | 404,160            |                     | 64.2  | 35.8           |
| Apr.     | 68.23              | 68.73               | 7.73                   | 744,227              | 434,702            |                     | 63.1  | 36.9           |
| May      | 60.51              | 66.22               | 6.93                   | 804,711              | 378,718            |                     | 68.0  | 32.0           |
| June     | 60.57              | 58.45               | 6.31                   | 697,373              | 443,971            |                     | 61.1  | 38.9           |
| July     | 60.83              | 56.52               | 6.29                   | 715,569              | 324,116            |                     | 68.8  | 31.2           |
| Aug.     | 67.08              | 57.05               | 6.39                   | 719,339              | 89,630             | 19,000              | 86.9  | 10.8 2.3       |
| Sept.    | 67.71              | 56.93               | 6.69                   | 729,330              | 71,550             | 51,283              | 85.6  | 8.4 6.0        |
| Oct.     | 68.84              | 56.91               | 6.82                   | 745,752              | 68,293             | 34,930              | 87.8  | 8.1 4.1        |
| Nov.     | 68.88              | 56.94               | 6.76                   | 782,226              | 56,786             | 32,846              | 89.7  | 6.5 3.8        |
| Dec.     | 65.32              | 56.74               | 6.41                   | 725,078              | 60,395             | 136,814             | 78.6  | 6.6 14.8       |

## SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

| Date     | HANDLERS GROSS MILK 3/ |           |         | PRODUCER DATA |       |           |          |         |         |
|----------|------------------------|-----------|---------|---------------|-------|-----------|----------|---------|---------|
|          | No.                    | Total     | Class I | Pool          | No.   | Total     | Base     | Average | Av. Per |
|          | Hdlers                 | Receipts  | Use 4/  | Plants        | Prod. | Delivery  | Delivery | Test-%  | Farm    |
| Dec. '73 | 17                     | 1,157,582 | 829,686 | 4             | 624   | 969,063   | -        | 3.91    | 1,553   |
| Jan. '74 | 17                     | 1,170,171 | 837,331 | 4             | 626   | 986,881   | -        | 3.94    | 1,576   |
| Feb.     | 17                     | 1,233,886 | 790,532 | 4             | 738   | 1,053,510 | -        | 3.87    | 1,428   |
| Mar.     | 17                     | 1,275,930 | 783,913 | 4             | 701   | 1,127,743 | 909,675  | 3.74    | 1,609   |
| Apr.     | 18                     | 1,406,083 | 806,245 | 4             | 750   | 1,178,929 | 913,117  | 3.73    | 1,572   |
| May      | 18                     | 1,393,911 | 868,280 | 4             | 749   | 1,183,429 | 899,410  | 3.67    | 1,580   |
| June     | 18                     | 1,302,939 | 753,227 | 4             | 722   | 1,141,344 | 877,774  | 3.61    | 1,581   |
| July     | 18                     | 1,178,805 | 765,797 | 4             | 731   | 1,039,685 | 841,605  | 3.59    | 1,422   |
| Aug.     | 17                     | 983,351   | 818,969 | 3             | 579   | 827,969   | -        | 3.62    | 1,430   |
| Sept.    | 17                     | 990,981   | 805,362 | 3             | 561   | 852,163   | -        | 3.64    | 1,519   |
| Oct.     | 18                     | 1,009,566 | 848,006 | 4             | 517   | 848,975   | -        | 3.77    | 1,642   |
| Nov.     | 18                     | 1,001,646 | 862,322 | 4             | 549   | 871,858   | -        | 3.81    | 1,588   |
| Dec.     | 18                     | 1,030,894 | 790,484 | 4             | 566   | 922,287   | -        | 3.94    | 1,629   |

1/ Excludes Premiums 2/ Weighted Average Price

3/ Other Source is Gross minus Producer; Class II is Receipts minus Class I

4/ Order amended Aug. 1, 1974 to provide for three classes of utilization; therefore, not comparable in all categories to previous months.